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Improving the impact and benefits of USDA research and grant programs to enhance mid-size farm profitability and rural community success

Abstract

A review of four USDA grant programs in 2001 and 2002 found that only a small percentage of the programs served the needs of small and mid-size farmers.

Keywords

Policy

Disciplines

Agribusiness | Entrepreneurial and Small Business Operations | Policy Design, Analysis, and Evaluation

Improving the impact and benefits of USDA research and grant programs to enhance mid-size farm profitability and rural community success

Abstract: A review of four USDA grant programs in 2001 and 2002 found that only a small percentage of the programs served the needs of small and mid-size farmers.

Principal Investigator:

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Budget:
\$56,120 for two years

QHow well are four key federal USDA grant programs serving beginning and mid-size farms and what steps might be taken to improve these programs or develop new solutions to enhance farm profitability and rural community success?

AThis project found that of nearly \$500 million dedicated to the selected programs over the period examined, only about 5 percent went to projects determined to be beneficial to small and mid-sized and beginning farmers and ranchers.



Background

Iowa farmers are looking for ways to produce enough crops and income while protecting the environment. Using large quantities of synthetic fertilizers and herbicides can help yields, but also pollutes surface and groundwater. Investigators for this project sought to determine whether weed suppression, crop yield, and profit characteristics of diversified, low-external-input (LEI) systems can match or exceed those of a conventionally managed system.

The project had three principal objectives and corresponding sets of activities:

- Determination of the impacts of three contrasting crop rotation systems on weeds, crop yields, and economic costs and net returns, using large-scale field plots established at the ISU Marsden Farm. Special attention was paid to the effects of weed seed consumption by rodents and insects.
- Establishment of small plots to demonstrate the effects of a cultural management practice (stubble mowing) and an ecological process (weed seed predation) on weed seed production and seed survival. These plots were near the core cropping systems study area and were used to encourage dialogue with farmers and agricultural professionals about what they observed.
- Organization and delivery of in-field and indoor learning activities focused on weed ecology, cropping system diversity, and economic costs and returns of conventional and alternative management systems.

Approach and methods

The sample group used by the investigators included 180 VAPG program proposals, 61 RBEG proposals, 17 NRI proposals and 13 IFAFS proposals. Combined funding over the two-year period (2001-02) totaled nearly \$500 million for the four programs.

Each proposal was reviewed on 16 specific measures relevant to rural community impacts, small and mid-size farm and ranch profitability, and effects on beginning farmers and ranchers and on agricultural structure. (Researchers used a modified version of an assessment tool developed by the Center for Rural Affairs to determine research

relevancy to small and beginning farmers.) Four reviewers independently scored the proposals for each program on a scale of 1 to 10 with 10 being the highest score.

Results and discussion

The review of projects funded by the four USDA programs found that only 3 percent of nearly 2,500 funded projects served small, mid-size and beginning farmers and ranchers. Only 5 percent of the combined 2001-2002 funds for these four programs were awarded to projects relevant to the needs of small, mid-size and beginning farmers and ranchers.

The VAPG and IFAFS programs offered the most benefits to the target groups primarily because both programs were created after the National Small Farms Commission recommended that such programs should be established. The programs were intended to promote new markets and added opportunities for small farmers and help capture greater value for their products.

The NRI and RBEG programs offer fewer benefits to small, mid-size and beginning farmers and ranchers primarily because they are not set up to do so. The NRI program mainly supports traditional research projects based on the scientific aspects of agriculture. The RBEG program is a general business development program, with some states choosing to fund agriculture-related projects.

In spite of the recommendations and challenges of the Small Farm Commission and the rhetorical commitment of the USDA to smaller agricultural enterprises, the study revealed that the vast amount of funded projects were more likely to support numerous marketing and value-added initiatives meant to benefit large food distribution and food processing companies. In addition, the USDA programs failed to invest in research that would promote development of economic opportunities to help keep small, mid-size and beginning farmers and ranchers on the land.

Conclusions

Some of the major conclusions emerging from the study:

1. The Value-Added Producer Grant Program provided the most funding to small, mid-size and beginning farmers and ranchers.
2. Certain states, notably Iowa, Michigan, Nebraska and Vermont, have several funded projects in the VAPG and RBEG programs that benefit small, mid-size and beginning farmers and ranchers, while many areas of the country have no such projects. This suggests that some states are better at taking advantage of these initiatives.
3. Particularly in the VAPG program, projects relevant to small farms involve collaborations among cooperatives and associations, non-profit groups, educational institutions, and government units.
4. None of the programs examined were particularly effective at funding initiatives to help beginning farmers or ranchers.
5. Within the VAPG program there is increasing tension between funding for projects using agricultural products for energy production (such as ethanol and biofuels) and projects attempting to create alternative markets for farmers and markets. Energy-related projects have steadily become the largest single area of funding

within the VAPG program.

6. The VAPG program funded several projects that were essentially research and development initiatives for large food companies, a use that runs counter to the intent of the program.
7. The use of the RBEG program for agricultural-related initiatives is a source of confusion in some states.
8. Not all state-level USDA Rural Development offices believe that agriculturally-related programs can be funded by certain USDA grant programs, a belief that is in direct conflict with the law and leaves farmers in these states at a disadvantage.
9. The ability to obtain federal resources pursuant to the USDA grant programs differs significantly by location or state.
10. There are numerous issues related to program implementation that indicate that the USDA is not carrying out the legislative intent of Congress, particularly as it may relate to providing resources to small, mid-size and beginning farmers and ranchers.

Impact of results

- Iowa farmers, farmer groups or associated organizations can use the report to determine what factors will help them obtain grants from the programs that were studied.
- Iowa farmers interested in affecting public policy will have a set of recommendations to discuss with policy makers, in hopes of improving the programs and bringing more resources to small, mid-size and beginning farmers and ranchers.
- The project provided quantitative and evaluative data on public programs intended to benefit small, mid-size and beginning farmers and ranchers. It will encourage Iowans to evaluate USDA efforts and balance USDA official statements with performance.
- The data, conclusions and recommendations associated with the project will encourage further scrutiny of the analyzed programs that may result in program improvements and renewed interest in small, mid-size and beginning farmers and ranchers as target for future legislative assistance.
- The media coverage of the report caused the USDA (primarily through the Beginning Farmer and Rancher Advisory Committee) to begin internal discussions on how to respond to the findings and recommendations.

Education and outreach

A full report of the study findings (www.cfra.org/node/48) and a four-page summary (www.cfra.org/node/65) were issued. The report was released at a Congressional briefing and reception in Washington, D.C. in late 2006. More than 30 Congressional staff members attended the briefing, along with members of the media.

The Associated Press reported on the study and the article appeared in 220 newspapers across the country. The results of the study were featured on Marketplace on National Public Radio, and 938 radio stations (Radio Iowa, Clear Channel, Public News Service and Brownfield) carried stories on the report.

Leveraged funds

The project investigators obtained \$1,433,470 of funding from other sources, representing a remarkable 13 to 1 leveraging ratio for these Leopold Center monies. Some of the additional support was received from two USDA-National Research Initiative (NRI) grants sought by Liebman and Hartzler. Funding for research complementary to the project was received from a USDA-SARE grant, and from the ISU Agronomy Endowment.

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